

Through the Section 5311 Program, the Office of Transportation Delivery (OTD) provides administrative, operating and capital assistance to public transportation projects in non-urbanized (rural) areas. The program goals are:

- Assist in meeting the transportation needs of transit-dependent people and to enhance access to health care, shopping, education, employment, public services, and recreation;
- Assist in the maintenance, development, improvement and use of public transportation systems;
- Encourage and facilitate the most efficient use of all federal funds used to provide passenger transportation in non-urbanized areas through the coordination of programs and services;
- Assist in the development and support of intercity bus transportation; and
- Provide for the participation of private transportation providers in rural transportation to the maximum extent feasible.

Section 5311 ~~Revisions: Proposed~~ Circular: C 9040.1G

Low-income populations in rural areas ~~are now~~ incorporated as a formula factor, similar to the repealed Job Access and Reverse Commute (JARC) program.

- Planning is an eligible activity.
- Appalachian Development Public Transportation Assistance Formula Program is a set-aside program.
- Administration, planning, and technical assistance set-aside for states ~~reduced to~~ 10% ~~from 15%.~~
- Cost of unsubsidized portion of privately provided intercity bus service that connects feeder service is ~~now~~ eligible as in-kind local match.
- Certain expenditures by vanpool operators may be used as local match.

Formula Grants for Rural Areas

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Funding

- Federal share is 80% for capital projects.
- Federal share is 50% for operating assistance.

- Federal share is 80% for Americans with Disabilities Act (ADA) non-fixed-route paratransit service, using up to 10% of a recipient's apportionment.

Rural Formulas

- 83.15% of funds apportioned based on land area and population in rural areas
- 16.85% of funds apportioned based on land area, revenue-vehicle miles, and low-income individuals in rural areas.

Appalachian Development Public Transportation Assistance Formula Program

- \$20 million formula program for states in the Appalachian Region.

Job Access and Reverse Commute Program (JARC) (Section 5316).

The Section 5316 Job Access and Reverse Commute Program (JARC Program) was a formula grant program for projects that improve access to employment-related transportation services for welfare recipients and eligible low-income individuals, and that transport residents of urbanized and rural areas to suburban employment opportunities. This program was repealed by MAP-21.

~~Funds that were apportioned to urbanized and rural areas for Fiscal Year 2012 and prior years will remain available for obligation until they lapse or are expended, and remain subject to the program requirements at the time they were apportioned. Guidance for funds apportioned under the Section 5316 JARC Program is contained in FTA Circular 9050.1, "The Job Access and Reverse Commute (JARC) Program Guidance and Application Instructions."~~

3. While the Section 5316 JARC program was repealed under MAP-21, job access and reverse commute projects are now an eligible project type under the Rural Area Formula Program. Please see Chapter III – Eligibility – for a list of project types and requirements under Section 5311.

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New Freedom Program (Section 5317).

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4. The New Freedom Program (Section 5317) was a formula grant program that provided funding for capital and operating expenses to support new public transportation services beyond those required by the ADA and new public transportation alternatives beyond those required by the ADA designed to assist individuals with disabilities with accessing transportation services. The purpose of the New Freedom formula grant program was to provide additional resources to overcome existing barriers facing Americans with disabilities seeking integration into the work force and full participation in society. ~~Guidance for funds apportioned under the Section 5317 New Freedom Program is contained in FTA Circular 9045.1, "New Freedom Program Guidance and Application Instructions."~~ The New Freedom Program was repealed by MAP-21.

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5. ~~The New Freedom Program was repealed by MAP-21. Unexpended funds apportioned for Fiscal Year 2012 and prior years will remain available for obligation until they lapse or are expended, and are subject to the rules under which they were apportioned.~~

6. While the Section 5317 New Freedom Program was repealed under MAP-21, similar projects are eligible under the Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities Formula Program. Program information ~~will be~~ available in FTA Circular 9070.1G.

APPALACHIAN DEVELOPMENT PUBLIC TRANSPORTATION

ASSISTANCE PROGRAM (ADTAP)

1. **PROGRAM SUMMARY.** Title (49 U.S.C. 5311 (c) (2)) authorizes the Appalachian Development Public Transportation Assistance Program (ADTAP), which allocates funds by statutory formula (see Formula Allocations section below). This ~~new~~ program is a funded with a take-down under the Section 5311 program to provide additional funding to States in the Appalachian Region of the United States. FTA apportions the funds to designated States (see Eligible Recipients below) for purposes eligible under Section 5311; including capital, operating, planning, job access and reverse commute projects, and administrative costs.

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FTA intends to coordinate with the Appalachian Region Commission (ARC) to foster the development of public transportation service in eligible areas. FTA's ADTAP will enhance existing transportation service and create new services in order to decrease isolation within the region.

2. NATIONAL PROGRAM OBJECTIVES. While this program is funded under FTA's Section 5311 program, the national program objective is to delivery of safe, reliable public transportation services to rural areas in the Appalachian region. Consistent with the objectives of the Section 5311 program, funds should enhance access to health care, shopping, education, employment, public services, and recreation.

3. ELIGIBLE RECIPIENTS AND SUBRECIPIENTS. Eligible rural recipients under the ADTAP include 13 States located in the Appalachian region: Alabama, Georgia, Kentucky, Maryland, Mississippi, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Virginia, and West Virginia as defined under Title 40, section 140102 of the Appalachian Regional Development Act. Subrecipients of ADTAP funding include State or local governmental authorities, non-profit organizations, and operators of public transportation services.

4. ELIGIBLE SERVICES AND SERVICE AREAS. A service area must be located in the Appalachian region; to be eligible for funds. The following Kentucky counties are eligible for ADTAP funds: Adair, Bath, Bell, Boyd, Breathitt, Carter, Casey, Clark, Clay, Clinton, Cumberland, Edmonson, Elliott, Estill, Fleming, Floyd, Garrard, Green, Greenup, Harlan, Hart, Jackson, Johnson, Knott, Knox, Laurel, Lawrence, Lee, Leslie, Letcher, Lewis, Lincoln, McCreary, Madison, Magoffin, Martin, Menifee, Metcalfe, Monroe, Montgomery, Morgan, Nicholas, Owsley, Perry, Pike, Powell, Pulaski, Robertson, Rockcastle, Rowan, Russell,

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Wayne, Whitley, and Wolfe. (Please see Table 3: Eligible States and Counties in the Appalachian Region).

STATES AND COUNTIES IN THE APPALACHIAN REGION

Kentucky:	Adair, Bath, Bell, Boyd, Breathitt, Carter, Casey, Clark, Clay, Clinton, Cumberland, Edmonson, Elliott, Estill, Fleming, Floyd, Garrard, Green, Greenup, Harlan, Hart, Jackson, Johnson, Knott, Knox, Laurel, Lawrence, Lee, Leslie, Letcher, Lewis, Lincoln, McCreary, Madison, Magoffin, Martin, Menifee, Metcalfe, Monroe, Montgomery, Morgan, Nicholas, Owsley, Perry, Pike, Powell, Pulaski, Robertson, Rockcastle, Rowan, Russell, Wayne, Whitley, and Wolfe
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5.4. FORMULA ALLOCATIONS. FTA apportions ADTAP funds to designated States by a statutory formula based on the guidelines established under **Section 9.5(b)** of the Appalachian Regional Commission Code. The allocation includes each State's remaining estimated need to complete eligible sections of the Appalachian Development Highway System (ADHS) as determined from the latest available cost estimates for completion of the System. Cost estimates are produced at approximate five year intervals. Allocations contain upper and lower limits in amounts or percentages to be determined by the Commission and are made in accordance with legislative instructions.

6.5. FUNDS AVAILABILITY. Appalachian Development Program funds are available for the fiscal year in which they are apportioned plus two additional fiscal years. If the State does not obligate its allocation during this period, FTA reallocates the funds among the States that are eligible to receive this funding by formula.

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7.6. ELIGIBLE PROJECTS. A State may use ADTAP program funds for capital projects, operating assistance, planning, job access reverse commute projects, and the acquisition of public transportation services, including service agreements with private providers of public transportation. The State may also use up to 10% ~~percent~~ of its ADTAP program funds to administer the program and provide technical assistance to subrecipients. Technical assistance includes project planning, program and management development, public transportation coordination activities, and research the State considers appropriate to promote effective delivery of public transportation in rural areas of the Appalachian region.

8. LOCAL SHARE.

- a. A 20% local match is required for Capital and 50% for Operating expenses.
- b. There is no local match required for the additional 10% ~~percent~~ permitted for administration and technical assistance for ADTAP projects.
- c. The Sliding Scale rate under Section 5311 is applicable to the ADTAP [~~See Chapter III, 5 for more information~~for more information, please see Table 1 and Table 2; Sliding Scale Rates for FTA Section 5311 Grants (23 U.S.C. 120 (b)(1) within FTA Circular 9040.1G, Chapter III, Section 4(b)(4)]~~}.~~

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- d. For eligible sources of local match ~~please see Chapter III, 4. C of this circular~~FTA Circular 9040.1G, Chapter III, Section 4(e).

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9. PROGRAM ADMINISTRATION. The ADTAP funds are a separate allocation, but are apportioned annually, and can be combined in the regular Section 5311 grant application as long as the State DOT accounts for the use of ADTAP funds in the Program of Projects. In order to maximize Section 5311 program funding, an eligible State should use ADTAP formula

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funding as the funding source for selected rural transit projects within the designated Appalachian region. Section 5311 funds should be used to address needs not covered by the ADTAP allocation.

10. TRANSFER PROVISIONS. States that are eligible for the ADTAP may use amounts that cannot be used for operating expenses for a highway project if the Governor approves the use in writing after appropriate notice and an opportunity for comment and appeal are provided to affected public transportation providers in the Appalachian region. The Governor must certify that the local transit needs are being addressed. In order for FTA to consider the transfer, a State must provide documentation to the FTA regional office that includes a description of the consultation used and certification by the local providers (i.e. State, local transit operators, and local RTPO (if applicable)) that all local operating needs are met. Upon receipt, FTA will review the request and if approved will transfer the funds consistent with FTA's transfer process (please see [FTA Circular 9040.1G, Chapter III, Section 6](#)~~chapter III-6~~).

11. STATEWIDE TRANSPORTATION IMPROVEMENT PROGRAM (STIP) AND/OR TRANSPORTATION IMPROVEMENT PROGRAM (TIP) REQUIREMENT. A State requesting ADTAP must comply with the planning requirements of 49 U.S.C. 5303 through 5305. Projects proposed for ADTAP funding must be a product of the statewide and nonmetropolitan transportation planning process and/or the metropolitan planning process specified in 23 CFR part 450 and 49 CFR part 613. With limited exceptions, States must include all Federal funds to be used for highway or transit projects in a Statewide Transportation Improvement Program (STIP) consistent with 23 U.S.C. 135 and 49 U.S.C. 5304. States must include ADTAP funds in the STIP (please see [FTA Circular 9040.1G, Chapter IV, Section 2](#)~~Chapter IV-2~~ for detailed information).

The Office of Transportation Delivery—(OTD) will incorporate Appalachian Program funds within the Section 5311 Rural Program of Projects. The first year of Appalachian Program funds

will be offered equally to transit systems that have one (1) of the fifty-four (54) Kentucky Appalachian counties. Historically, transit agencies located in the Appalachian area are underserved and include a large population of individuals with low income, individuals with disabilities, and a high unemployment rate.~~heavily populated persons with low income, unemployment, and persons with disabilities.~~ Transit agencies should utilize the Appalachian Program funds first. Section 5311 Rural funds, if available, will be utilized in the Appalachian area when ADTAP are not sufficient.

RTAP Section 5311(b)-(3) - Rural Transportation Assistance Program

Section 5311(b)-(3) ~~authorizes~~directs the Secretary to carry out a rural transportation program in rural areas and “to make grants and contracts for transportation research, technical assistance, training and related support services in ~~rural~~non-urbanized areas.” The Rural Transit Assistance Program (RTAP) provides a source of funding to assist in the design and implementation of training and technical assistance projects and other support services tailored to meet the specific needs of transit operators in rural areas. RTAP has both state and national program components.

The State program provides an annual allocation to each state for development and implementation of training and technical assistance programs in conjunction with the State’s administration of the Section 5311 formula assistance program. The national program provides for the development of information and materials for use by local operators and state-level administrators and supports research and technical assistance projects of national interest. The objectives of RTAP are:

1. To promote the safe and effective delivery of public transportation in rural areas;
- ~~2. To make more efficient use of public and private resources;~~
- ~~3.2~~ To foster the development of state and local abilities to address the training and technical assistance needs of the rural transportation community;

4.3. To improve the quality of information and technical assistance available through the development of training and technical assistance resource materials;

5.4. To facilitate peer-to-peer ~~connections~~ self-help through the development of local networks of transit professionals;

6.5. To support the coordination of public, private, specialized, and human service transportation services; and

7.6. To ~~build-maintain thea Rural a~~ National ~~D~~data-base of the small urban and rural public transportation industry.

Funds can be used to directly provide training and/or technical assistance with state staff, to contract with others for provision of training/technical assistance, to assist local entities with the cost of training available from other sources, and to develop local capabilities for self-help.

KYTC/OTD administers RTAP funding through a selection committee. ~~The~~ RTAP Committee is comprised of ~~the~~ Office of Transportation Delivery Executive Director, ~~or~~ Public Transit Branch Manager, or their designee; one KYTC/OTD employee appointed by ~~the~~ OTD Executive Director, and a member of each of the five Kentucky RTAP regions. The Kentucky Public Transit Association (KPTA) votes upon committee selection every two (2) years. ~~The~~ RTAP Committee meets and determines the selection criteria requirements, and is the decision making body in determining project selection. The Section 5311 Circular states that providers of specialized transportation in urbanized areas, such as Section 5310 funded agencies, as well as public transit operators in small urbanized areas, have many of the same training and technical assistance needs as transit providers in rural areas. FTA permits participation by these providers in RTAP sponsored activities, at the State's discretion, so long as the activities are primarily designed and delivered to benefit rural Transit providers. Depending on availability of funding and training capacity, small urban and urban 5310 systems and 5307 systems may be allowed to participate when there is surplus capacity in a training sessions, and they may not be more than incidental beneficiaries.

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Any applicant wishing to complete an RTAP application must comply with the guidelines and directions detailed in Appendix B.

Intercity Bus – Section 5311(f) – Intercity Bus Program

“Eligible Service and Service Areas. States can use Section 5311 funds for public transportation projects, including job access and reverse commute projects, and intercity bus transportation projects in rural areas.” (FTA Circular 9040.1G, Chapter III, Section 2(c)). “The purpose of Section 5311 assistance is the provision of public transportation services and FTA encourages maximum feasible coordination with other rural transportation services” (FTA Circular 9040.1G, Chapter III, Section 2(d)). ~~(FTA C 9040.1F).~~

Section 5311(f) requires each state to spend fifteen (15) percent of its annual Section 5311 apportionment “to develop ~~carry out a program to develop~~ and support intercity bus transportation,” unless, after consultation with affected intercity bus providers, the Governor certifies that “the intercity bus ~~service~~ needs of the state are adequately being met ~~adequately~~.” The required percentage applies only to the amount of FTA’s annual apportionment of Section 5311 funds to the state, not to any funds the state subsequently transfers to its rural area formula program from another programs.

“In many States, intercity bus service is a vital link between otherwise isolated rural communities and the rest of the nation. Historically, In the 1980’s and more recently, major intercity bus carriers abandoned many less productive routes. Patronage generated in rural areas, however, appears to be important to the continuing viability of the remaining intercity routes. One objective of the funding for intercity bus service under Section 5311, therefore, is to support the connection between rural areas and the larger regional or national system of intercity bus service. Another objective is to support services to meet the intercity travel needs of residents in rural areas. A third objective is to support the infrastructure of the intercity bus network through planning and marketing assistance and capital investment in facilities. FTA encourages States to use the funding

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under ~~49 U.S.C. Section~~ 5311(f) to support these national objectives, as well as priorities determined by the State” (FTA ~~Circular~~ 9040.1~~GF, Chapter VII, Section 2~~).

— In order to promote coordination and to prevent the duplication of services, ~~KYTC~~ ~~the Cabinet~~ will not contract directly with for-profit intercity companies. The company must apply through and be funded through an existing Section 5311 public transit operator. Interline — means providing seamless ticketing and travel information for the convenience of customers. ~~Transit~~ 5311(f) ~~transit~~ agencies with regular/fixed routes may interline. To encourage the development of intercity feeder bus networks, FTA allows states to use the capital costs of private, unsubsidized intercity bus service as in-kind match for the operating costs of 5311(f)-funded rural intercity for Regular Fixed Routes.

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50% of an Intercity Bus ~~service~~, such as Greyhound’s, total cost per mile can be used as ~~—~~ local in-kind match. Demand response intercity feeder service is not eligible to interline in-kind match.

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In Kentucky over the last several years, Greyhound has abandoned most of its rural service, but Greyhound and other private Operators maintain service between the larger Cities. Many of the rural public transit systems within Kentucky have picked up those abandoned lines as part of their daily public transportation operations as well as providing feeder service that connects the rural communities to the closest city with intercity bus service. Emphasis is placed on connecting the rural communities with the next larger market economy and connecting bus, rail and air transportation to help provide the vital link between otherwise isolated rural communities and the rest of the nation. The demand responsive intercity feeder service offered by Kentucky’s rural public transit systems helps provide intercity connections to rural communities and increases ridership to help support the intercity service that is still provided by Greyhound and other operators offering Intercity Service between the larger cities.

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Section 5339 - ~~Bus and Bus Facilities~~ Formula Grants Program

~~Purpose~~

Provides capital funding to replace, rehabilitate and purchase buses and related equipment and to construct bus-related facilities.

Statutory References

49 U.S.C. Section 5339 / ~~MAP 21 Section 20029~~ Fixing America's Surface Transportation Act (FAST Act) Section 3017

Eligible Recipients

- ~~Direct designated~~ recipients that operate fixed route bus service and states that operate or allocate funding to fixed-route bus operators;
- State or local governmental entities;
- Federally recognized Indian tribes that operate fixed route bus service that are eligible to receive direct grants under 5307 and 5311.

Subrecipients:

- ~~Public~~ agencies or private nonprofit organizations engaged in public transportation, including those providing services open to a segment of the general public, as defined by age, disability, or low income.

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What's New?

- ~~Replaces the Section 5309 Bus and Bus Facilities Program.~~
- ~~Funds are eligible to be transferred by the state to supplement urban and rural formula grant programs (5307 and 5311, respectively).~~

Eligible Activities

- Capital projects to replace, rehabilitate and purchase buses, vans, and related equipment, and to construct bus-related facilities, including technological changes or innovations to modify low or no emission vehicles or facilities.

Funding Availability, Allocation, and Local Match

- \$65.5 million will be allocated, with each state receiving \$1.25 million and each territory (including D.C. and Puerto Rico) receiving \$500,000.
- Funds are available for obligation for three (3) fiscal years. This include the fiscal year in which the amount is made available or appropriated plus two additional years.
for three years after the fiscal year in which the amount is apportioned.
- Remaining formula based upon population, vehicle revenue miles and passenger miles. The three (3) components to this program are:
 - A continuation of the formula bus program established under MAP-21.
 - The bus and bus facilities competitive program based on asset age and condition.
 - A low or no emissions bus deployment program.
- Federal share is 80% with a required 20% local match. However, the Federal share may exceed 80% for certain projects related to the ADA, the Clean Air Act (CAA), and certain bicycle projects.

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Coordination Planning

Through a regional coordinated planning effort (discussed in Chapter 5 of this plan), KYTC/OTD has implemented a uniform application and selection process for the Section 5310, pPProgram.

Section 5, (5303 and 5304) – Metropolitan and Statewide Planning

These programs provide funding to support cooperative, continuous, and comprehensive planning for making transportation investment decisions in metropolitan areas and statewide.

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State Departments of Transportation (DOTs) and Metropolitan Planning Organizations (MPOs) are eligible recipients.

Federal planning funds are first apportioned to State DOTs. State DOTs then allocate planning funding to MPOs.

Funds are available for planning activities that support the economic vitality of the metropolitan area; increase the safety of the transportation system for motorized and non-motorized users; increase the security of the transportation system for motorized and non-motorized users; increase the accessibility and mobility of people and for freight; protect and enhance the environment, promote energy conservation, improve the quality of life, and promote consistency between transportation improvements and State and local planned growth and economic development patterns; enhance the integration and connectivity of the transportation system, across and between modes, for people and freight; promote efficient system management and operation; and emphasize the preservation of the existing transportation system. Section 5303 is for Metropolitan Planning Organizations (MPOs) planning, and Section 5304 is Statewide Planning and coordination that. Kentucky utilizes funds to contract coordination and technical activities that will assist transit providers with various activities.

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Funds are apportioned to states by a formula that includes each state's urbanized area population in proportion to the total urbanized area population for the nation, as well as other factors. The Federal Share is not to exceed 80% of the cost of the projects funded under the Program.

State Role In Programs Administration

It is the goal of KYTC/OTD to maximize the benefits received through Section 5310, 5311, and 5339 programs by facilitating mobility options to business, commercial, educational and other activities in support of local economic progress and development. To this end, the Office of Transportation Delivery (OTD) has integrated the administration of these programs as much as possible to streamline its oversight functions, while remaining committed to the separate goals established for each program by Congress.

The KYTC/OTD shares a partnership role with local governments, or its representatives, and transit agencies committed to operating rural public transportation programs. As administrator of the funds, KYTC/OTD assumes responsibility for the organization and management of these programs. In this capacity, KYTC/OTD functions as a conduit for funds and financial programming. KYTC/OTD also responds to the Federal funding agency (FTA). KYTC/OTD develops criteria for application approval, notifies eligible local recipients of the availability of program funds, reviews and selects applicants for funding, ensures compliance with federal requirements, and monitors project activity.

Goals and Objectives

Kentucky Transportation Cabinet/Office of Transportation Delivery Mission Statement:

The Kentucky Transportation Cabinet's goal is to provide a safe, efficient, environmentally sound and fiscally responsible transportation system that promotes economic growth and enhances the quality of life in Kentucky.

The public transportation mission of the Kentucky Transportation Cabinet is to assist in the promotion of accessible, safe, cost-effective transportation that fulfills the needs of the citizens of Kentucky.

Office of Transportation Delivery Program Objectives

I. Introduction

The Commonwealth of Kentucky consists of three distinct areas: rural, small urban and large urban/metropolitan.³ Each area has specific but varying transit needs. Dispersed populations and vast distances between communities characterize rural areas in Kentucky. Sparse population, combined with the great distances and the lack of transit amenities, intensifies the need for transportation services.

Unable to access such necessities as medical care and nutrition programs, the rural elderly and persons with disabilities become "prisoners" of their environment. The quality of available and affordable transportation in these rural regions has a direct bearing on the quality of life for all residents.

While the small urban areas usually contain basic services, residents of the smaller communities often must travel many miles to access specialized services. Transit systems serving these areas are usually demand response and provide service to the elderly and persons with disabilities including service to the public. The intercity transportation services, provided by Kentucky's rural public transit systems, help connect the smaller communities with the next larger market economy and connecting to bus, rail and air transportation to help provide the vital link between otherwise isolated rural communities and the rest of the nation.

All urbanized areas, in the Commonwealth, are over 50,000 in population and have distinctive transit needs and funding. The large urban/metropolitan areas have access to all basic and specialized services and are able to support both a public fixed route system and a demand response system for persons with disabilities.

The Governor has designated the Kentucky Transportation Cabinet, Secretary, who in turn designates the Office of Transportation Delivery ("KYTC/OTD") as administrator of all Federal Transit Administration (FTA) programs affecting small urban and rural areas and the FTA planning grants for the metropolitan areas of the state. KYTC/OTD funds may be available

³ 49 U.S.C. Chapter 53 defines a rural area as a population less than 50,000, small urban area as a population over 250,000 but less than 200,000 and a large urban/metropolitan area as a population over 200,000.

to match up to ten percent (10%) of capital purchases made under the 49 U.S.C §5307, ~~§5308~~, §5309, §5310, §5311, and ~~§5339~~, programs. The local sub-recipient receives local match funds through unrestricted federal funds, county and city allocations and local fundraisers. Toll Credits may be available for up to 20% of capital purchases.

KYTC/OTD is responsible for the administration of 49 U.S.C. §5303, ~~§5304~~, applicable §5307, (50,000-200,000 in population), ~~and~~ §5309, §5310, ~~§5339~~, §5311, §5311(b) (3), programs and administration of the state match for the 49 U.S.C. §5307 program.

As the Governor's designee, KYTC/OTD responsibilities include:

- (1) Notifying eligible local entities of the availability of the program;
- (2) Soliciting applications;
- (3) Developing project selection criteria;
- (4) Reviewing and selecting projects for approval;
- (5) Developing an equitable distribution of funds to all eligible recipients within the Commonwealth;
- (6) Forwarding an annual Program of Projects and grant applications to FTA;
- (7) Certifying eligibility of applicants and project activities;
- (8) Ensuring compliance with Federal guidelines by all local recipients;
- (9) Monitoring local projects;
- (10) Overseeing project audits and closeouts;
- (11) ~~And in~~ the case of transit planning studies, directly administering the project;
- (12) Assess new areas in need of public transportation services

This Kentucky State Management Plan ("SMP") describes each FTA program available to eligible organizations, provides guidelines for compliance, and explains procedures for project selection, vehicle procurement, and project reporting requirements. The SMP is guidance for small urban and rural FTA grant programs.

Eligibility

Eligible Subrecipients

To be eligible to receive an allocation of Section 5307, 5310, 5311, or 5339, an eligible subrecipient must submit an authorized resolution that they are proposing to serve signed by the Authorized Official and certified by their attorney. Additionally, each subrecipient agrees to comply with applicable certifications and assurances. The following specific guidance applies:

Section 5310 – Transportation for Enhanced Mobility for Seniors and Individuals with Disabilities

49 U.S.C. §5310 states that elderly persons and persons with disabilities have the same rights as other persons to utilize public transportation facilities and services. Therefore, the program recipient shall use special efforts in the planning and design of these facilities and services to assure their availability to this specialized group. This program covers the urban, small urban and rural areas of the Commonwealth.

Funds are available to private nonprofit corporations for the specific purpose of providing transportation services meeting the special needs of elderly persons and persons with disabilities where public transportation services are unavailable, insufficient or inappropriate. In addition, public bodies approved by the state to coordinate services for the elderly and persons with disabilities are eligible for §5310 funding when no private nonprofit is available to apply for and serve the area. While recipients of these funds usually serve specific clientele, they may open their service to all when such service *does not interfere with the transportation service designed to meet the special needs of elderly persons and persons with disabilities*. Kentucky strongly urges all §5310 recipients to offer transportation to anyone needing specialized services.

Eligible Activities

- At least 55% of program funds must be used on capital projects that are:

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- Public transportation projects planned, designed, and carried out to meet the special needs of seniors and individuals with disabilities when public transportation is insufficient, inappropriate, or unavailable.

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- The remaining 45% may be used for:

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- Public transportation projects that exceed the requirements of the ADA.

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- Public transportation projects that improve access to fixed-route service and decrease reliance by individuals with disabilities on complementary paratransit.

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- Alternatives to public transportation that assist seniors and individuals with disabilities.

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Section 5311 – Formula Grants for Rural Areas

SECTION 5311 STATUTORY AUTHORITY. The Formula Grants for Rural Areas

Program, codified at 49 U.S.C. 5311 (Section 5311) is authorized under the provisions set forth in the ~~Fixing America's Surface Transportation Act (FAST Act)~~ ~~Moving Ahead for Progress in the 21st Century Act (MAP-21)~~, Public Law 112-141. Under this program, funding assistance is provided for public transportation in rural areas. The Federal Transit Administration (FTA), on behalf of the Secretary of Transportation, apportions the funds, ~~appropriated~~ annually, to the Governor of each State and federally recognized Indian Tribes for public transportation projects in rural areas. The code assigned to Section 5311 grants in the Catalogue of Federal Domestic Assistance (CFDA) is 20.509. FTA's Formula Grants for Rural Areas Program is also referred to as the Section 5311 program.

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_____ The Section 5311 program includes: the Appalachian Development Public Transportation Assistance Program; the Rural Transit Assistance Program (RTAP); and the Tribal Transit Program. The Tribal Transit Program has both a competitive discretionary and a statutory formula program. For the formula grants, for rural areas, 83.15 ~~percent~~% of funds are apportioned based on land area and population factors. The other 16.85 ~~percent~~% is apportioned based on land area, vehicle revenue miles, and the ratio of low-income individuals residing in rural areas. No State may receive more than Five~~% percent~~ of the amount apportioned for land area or vehicle revenue miles. In addition, FTA adds amounts apportioned based on rural population according to the growing States formula factors of 49 U.S.C. 5340 to the amounts apportioned to the States under the Section 5311 formula.

Annually, Kentucky ~~will~~ prepares and submits to FTA a Pprogram of Pprojects. A State's Pprogram of pProjects must provide for fair and equitable distribution of funds within the State. A State may pass through its Section 5311 program funds to subrecipients that are State or local governmental authorities, non-profit organizations, operators of public transportation services, or intercity bus operators.

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A State may use Section 5311 program funds for capital projects, operating assistance, planning, job access reverse commute projects, and the acquisition of public transportation services, including service agreements with private providers of public transportation. The State may also use up to 10 percent of its Section 5311 program funds to administer the program and provide technical assistance to subrecipients. Technical assistance includes project planning, program and management development, public transportation coordination activities, and research the State considers appropriate to promote effective delivery of public transportation in rural area. Planning activities are an eligible expense under Section 5311, and shall be in addition to funding awarded to a State under Section 5305 for planning activities that are directed specifically at the needs of rural areas in the State. There is no

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limitations on use of Section 5311 funds for operating assistance; however, the State must use at least 15 ~~percent~~% of its annual apportionment to support intercity bus service, unless the Governor certifies, after consultation with affected intercity bus providers, that the intercity bus needs of the State are adequately being met.

In addition, as of FY 2006, Section 5311(b) (3) provides funding for the Rural Transportation Assistance Program (RTAP) as a ~~two percent~~2% takedown from the amount authorized and appropriated for Section 5311. From the amounts made available for RTAP, ~~The~~ Secretary may use up to 15 ~~percent~~ to carry out competitively selected projects of a national scope with the remaining balance allocated to the States. States can use RTAP funds for technical assistance, training, research, and related support activities.

MAP-21 established ~~an new~~ Appalachian Development Public Transportation Assistance Program (49 U.S.C. 5311 (c) (2)). This ~~new~~ program is funded with a take-down under the Section 5311 program to provide additional funding to States in the Appalachian Region of the United States.

The formula is established based on section 9.5 (b) of the Appalachian Regional Commission Code ~~(subtitle 40)~~. Funds may be used for public transportation activities consistent with the formula grants for rural areas program. The funds are apportioned to the following States: Alabama, Georgia, Kentucky, Maryland, Mississippi, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Virginia and West Virginia.

PROGRAM GOALS.

Pursuant to 49 U.S.C. 5311, FTA apportions or awards funds to States, Indian tribes, or other eligible recipients located in rural areas for planning, public transportation capital projects, operating costs, job access reverse commute projects, and the acquisition of public transportation service. The Section 5311 program supports both the maintenance of existing

public transportation services and the expansion of those services through the following program goals:

- a. enhancing access in rural areas to health care, shopping, education, employment, public services, and recreation;
- b. assisting in the maintenance, development, improvement, and use of public transportation systems in rural areas;
- c. encouraging and facilitating the most efficient use of all transportation funds used to provide passenger transportation in rural areas through the coordination of programs and services;
- d. providing financial assistance to help carry out national goals related to mobility for all, including seniors, individuals with disabilities, and low-income individuals;
- e. increasing availability of transportation options through investments in intercity bus services;
- f. assisting in the development and support of intercity bus transportation;
- g. encouraging mobility management, employment-related transportation alternatives, joint development practices, and transit-oriented development; and
- h. providing for the participation of private transportation providers in rural public transportation.

Eligible recipients of \$5311 funds include a State or Indian tribe that receives an FTA grant directly from the Federal Government. Eligible subrecipients are State agencies, local

public bodies, transit authorities under KRS 96A and private non-profit organizations.

For Section 5311, ~~and~~ Private for profit operators of transit service may participate in the program through contractual agreement with eligible subrecipients who provide public transportation in rural area to be served. Subrecipients must use the Section 5311 funds in the rural (non-urbanized) areas of the state for public transportation.

FTA defines public transportation as public transportation by bus, rail, or other conveyance, publicly or privately owned, which provides general or special service to the public on a regular and continuing basis. *As long as the PUBLIC is afforded an equal opportunity to use the transportation service, §5311 subrecipients can use funds to maximize usage by transportation disadvantaged persons.* Non-urbanized area subrecipients use §5311 funds to transport to and from urbanized areas (in accordance with approved operating authority).

Private for-profit operators of transit or paratransit services may participate in the program through contracts with eligible subrecipients who provide public transportation in the rural areas to be served. The Office of Transportation Delivery is responsible to ensure that any private operator is qualified, will provide eligible service, can comply with Federal and State requirements, and is the best, or only, provider available to offer service at a fair and reasonable cost.

Providers of public transportation in urbanized areas who provide service to non-urbanized areas may participate in the 5311 program if the following guidelines apply:

- Financial assistance is available only for that portion of the service operated in non-urbanized areas;
- The applicant must be capable of segregating allowable operating and non-operating expenses incurred in providing service to non-urbanized areas; and
- The applicant must be one of the following eligible recipients or subrecipients:
 - Local governmental agencies:
 - A political subdivision of the State
 - Indian tribal government (both Federally recognized and other tribes)

- Transit Authorities (KRS 96A)
- Council of Governments (for planning/coordination only)
- Private non-profit operators of public services
- Private for-profit operators of transit services or intercity bus services may participate in the program as a third party contractors for eligible subrecipients who provides public transportation in rural areas to be served.

RTAP Section 5311(b) (3) – Rural Transit Assistance Program

KYTC Office of Transportation Delivery is the designated recipient for RTAP funds. The RTAP program is intended to provide training and technical assistance to Section 5310 and Section 5311 subrecipients and public providers in rural areas. Funds can be used to directly provide training and/or technical assistance with state staff, to contract with others for provision of training/technical assistance, to assist local entities with the cost of training available from other sources, and to develop local capabilities for self-help.

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Section 5310 – Transportation for Elderly Individuals and Individuals with Disabilities

The goal of the Section 5310 program is to improve mobility for older adults and people with disabilities. Toward this goal, FTA provides financial assistance for transportation services planned, designed, and carried out to meet these special transportation needs in all areas-- urbanized, small urban, and rural. The program requires coordination of federally assisted programs and services in order to make the most efficient use of Federal resources.

An applicant's service area will be defined in the application and verified by its governing board or county government(s) that ~~the county~~ has designated the agency as an entity to provide transportation for the elderly and people with disabilities.

During those periods when a vehicle is not needed for specific grant-related purposes, it may be used for services ~~to otherfor~~ older adults and people with disabilities. After the needs of these groups have been addressed, the vehicle may be used for transportation of the public, on a

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space available basis, if such use is incidental to the primary purposes of the vehicle and does not interfere with the use of the vehicle by older adults and people with disabilities. Subrecipients are encouraged to coordinate their resources in order to maximize accessibility and availability of transportation services.

Eligible Activities

— At least 55% of program funds must be used on capital projects that are:

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— Public transportation projects planned, designed, and carried out to meet the special needs of seniors and individuals with disabilities when public transportation is insufficient, inappropriate, or unavailable.

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— The remaining 45% may be used for:

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— Public transportation projects that exceed the requirements of the ADA.

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— Public transportation projects that improve access to fixed-route service and decrease reliance by individuals with disabilities on complementary paratransit.

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• Alternatives to public transportation that assist seniors and individuals with disabilities.

Section 5311 Formula Grants for Rural Areas

Funds available from the Section 5311 program are dedicated to public transportation projects that serve rural areas of the state. Public transportation services that are provided with funding support from the program must be open to the public on a regular and continuing basis. Under the general service provisions which govern the program:

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- An eligible transportation service may include the transportation of residents of the rural area to and from the nearest urbanized area or areas; Because of the wide range of circumstances under which an operator may provide services in both urbanized and rural areas, the subrecipient develops a plan, for allocating operating costs between the two FTA funding sources. Similarly, subrecipients that purchase vehicles under either the Section 5307 or 5311 program for use in any part of a combined urbanized and rural service area should ensure that it has capital replacement policies in place to ensure that it is using program funds according to Federal eligibility requirements. KYTC/OTD will review and approve the cost allocation plan and/or policies.
- The service is designed for the general public but may be part of a coordinated project designed to maximize the usage of services by transportation disadvantaged persons; and
- Joint-funded Section 5307 and Section 5311 transportation projects are encouraged provided the level of 5311 funds allocated for service in the area is fair and equitable. This is, usually, demonstrated in the local subrecipients cost allocation plan.

The services provided under the Section 5311 grants shall, primarily, focus on the rural areas of Kentucky. This does not preclude service into urbanized areas of the state or into neighboring states (within a 50 mile radius) provided that the public resides in Kentucky and the trip originates from Kentucky.

“The purpose of the Section 5311 program is to support public transportation for people living in any area outside of an UZA [urbanized area] as designated by the Bureau of the Census. An UZA urbanized area consists of a core area and the surrounding densely populated area with a total population of 50,000 fifty thousand or more, with boundaries fixed by the Bureau of the Census. Areas not within a UZA as of the 2010 Census are eligible for Section 5311 funding

even if they are included within the metropolitan area planning boundary, which includes the surrounding area expected to be urbanized within twenty years and/or the air quality nonattainment boundary. Since the goal of Section 5311 is to enhance the overall mobility of people living in rural areas, Section 5311 projects may include transportation to ~~or~~ and from ~~rural~~ urbanized areas. The service area may include destination across a state line. Operators of interstate service are required to comply with the Federal Motor Carie Safety Administration (FMCSA) regulations.” (FTA Circular 9040.1FG, Chapter III, Section 2(a)).” However, sSubrecipients are prohibited from providing exclusive service within an urbanized area. Public transportation providers are prohibited from providing public transportation services outside of their designed geographical service areas unless the purpose is to drop off and/or pick up passengers where the trip originated in the provider’s service area. Whenever possible, subrecipients will coordinate service in areas where there is shared geographic service destinations. Any transportation services provided to destinations in-state and outside the state must be in accordance with all applicable State (KRS 96A & 281) and Federal (FMCSA 49 CFR Parts 300-399) operating authority laws and regulations.

Section 5311 subrecipients must comply with all Federal/State requirements imposed by the Federal Transit Administration and KYTC/OTD.

1. Eligible Assistance Categories

Section 5310

Funds for the Section 5310 program are available for capital expenses and operating expense for new public transportation services and alternatives that goes beyond those required by the ADA to support the provision of transportation services to meet the special transportation needs of older adults and people with disabilities.

Applicants will not be considered if the primary need is for a vehicle to transport clients whose total transportation costs, including capital, are supported through other governmental

funds. The applicant must certify that a requested vehicle will be available for use by other (non-client) persons who are elderly or have disabilities when not needed by the applicant.

Eligible project costs are defined in FTA Circular 9070.1G ~~(as amended)~~, ~~h~~However, the regulations permit the KYTC/OTD to further define those costs, which include, but are not limited to:

State Administration

Up to 10% ~~percent~~ of the State's total fiscal year apportionment is used to fund KYTC/OTD's program administration costs, that includes ~~s~~ staff payroll, travel, operating and supply expenses for Section 5310 including administration, planning and technical assistance. Program administration costs are funded at 100% ~~percent~~ Federal share.

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Capital Assistance:

Funds for the Section 5310 program are available for capital expenses and to support the provision of transportation services to meet the special needs of elderly persons and persons with disabilities. Examples of capital expenses include, but are not limited to:

- a. buses;
- b. vans;
- c. radios and communication equipment;
- d. bus stop and passenger shelters/vehicle shelters;
- e. wheelchair lifts and restraints;
- f. vehicle rehabilitation, ~~s~~ manufacture, or overhaul;
- g. preventive maintenance, as defined in the National Transit Database (NTD);

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- h. extended warranties which do not exceed the industry standard;
- i. computer hardware and software;
- j. initial component installation costs;
- k. vehicle procurement, testing, inspection, and acceptance costs;
- l. automated vehicle locators, mobile data terminals, cameras;
- m. lease of equipment when lease is more cost effective than purchase. Note that when lease of equipment or facilities is treated as a capital expense, the State must establish criteria for determining cost effectiveness in accordance with FTA regulations, "Capital Leases," 49 CFR part 639 and OMB Circular A-94, which provides the necessary discount factors and formulas for applying the same;
- n. acquisition of transportation services under a contract, lease, or other arrangement. Both capital and operating costs associated with contracted service are eligible capital expenses. User-side subsidies are considered one form of eligible arrangement. The State, as recipient, has the option to decide whether to provide funding for such acquired services. Funds may be requested for contracted services covering a time period of more than one year. The capital eligibility of acquisition of services as authorized in 49 U.S.C. 5310(a)(3) is limited to the Section 5310 program;
- o. the introduction of new technology, through innovative and improved products, into public transportation;
- p. transit related intelligent transportation systems (ITSs); and
- q. supporting new mobility management and coordination programs among public transportation providers and other human service agencies providing transportation. Mobility management is an eligible capital cost. Mobility management techniques may enhance transportation access for populations beyond those served by one agency or organization within a community. For example, a non-profit agency could receive Section 5310 funding to support the administrative costs of sharing services it provides to its own clientele with other elderly individuals and/or individuals with disabilities or elderly individuals and coordinate usage of vehicles with other non-profits, but not the operating costs of service. Mobility management is intended to build coordination among existing public transportation providers and other transportation service providers with the result of expanding the availability of service. Mobility management activities may include:
 - (1) The promotion, enhancement, and facilitation of access to transportation services, including the integration and coordination of services for individuals with disabilities, older adults, and low income individuals;
 - (2) Support for short term management activities to plan and implement coordinated services;
 - (3) The support of State and local coordination policy bodies and councils;
 - (4) The operation of transportation brokerages to coordinate providers, funding agencies and customers;

- (5) The provision of coordination services, including employer-oriented Transportation Management Organizations' and Human Service Organizations' customer-oriented travel navigator systems and neighborhood travel coordination activities such as coordinating individualized travel training and trip planning activities for customers;
- (6) The development and operation of one-stop transportation traveler call centers to coordinate transportation information on all travel modes and to manage eligibility requirements and arrangements for customers among supporting programs; and
- (7) Operational planning for the acquisition of intelligent transportation technologies to help plan and operate coordinated systems inclusive of Geographic Information Systems (GIS) mapping, Global Positioning System technology, coordinated vehicle scheduling, dispatching and monitoring technologies as well as technologies to track costs and billing in a coordinated system and single smart customer payment systems. (Acquisition of technology is also eligible as a standalone capital expense). ⁴

KYTC/OTD does provide up to 10%, if available, state funds for matching assistance under the Section 5310 program. Local participation for capital acquisition will, at a minimum, be 10% of the costs.

Section 5311

The KYTC/OTD shall make funds available for capital, operating and administrative assistance to projects in non-urbanized areas. Operating project budgets will have priority over capital and administrative project budgets. The budget submitted by the subrecipient through the application process shall define the category and amount of funds the subrecipient wishes to receive. Any variation shall require prior approval from KYTC/OTD.

Eligible project costs under the Section 5311 Program shall be determined in accordance with ~~2 CFR Part 200 subpart A-FOMB Circular A-87⁵, and OMB Circular A-122, and 2 CFR PART 200 subparts A-F, FTA Circular 9040.1G (as amended)⁶~~ and guidance issued by

⁴ ~~FTA Circular 9070.1G~~

~~https://www.transit.dot.gov/sites/fta.dot.gov/files/docs/C9070_1G_FINAL_circular_4-20-15%281%29.pdf~~
~~http://www.fta.dot.gov/legislation_law/12349_16011.html~~

⁵ ~~<http://www.whitehouse.gov/omb/circulars/a087/a87-2004.html>~~~~http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl~~

⁶ ~~https://www.transit.dot.gov/sites/fta.dot.gov/files/docs/C9070_1G_FINAL_circular_4-20-15%281%29.pdf~~

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KYTC/OTD. Project expenditures shall be categorized as capital, operating, or administrative expenses.

State Administration, Planning and Technical Assistance

A maximum ten percent (10%) of the Section 5311 funds apportioned to the State of Kentucky can be used for state program administration that includes staff payroll, travel, operating and supply expenses, planning and technical assistance. These are 100% federal funds and are used to support KYTC/OTD personnel directly involved with Section 5311 program management and administration of public transportation. The balance of the apportionment is available to eligible recipients for capital, operating and, at the discretion of OTD, Administrative assistance.

Capital Expenses

Capital expenses include the acquisition, construction, and improvement of public transit equipment and facilities needed for an efficient and coordinated public transportation system. The federal share of eligible capital expenses is 80% and 20% local match. Eligible capital expenses include, but are not limited to:

- Buses, vans, or other paratransit vehicles;
- Radios and communications equipment;
- Passenger shelters, bus stop signs, and similar passenger amenities;
- Wheelchair lifts, ramps, restraints and related vehicle modifications;
- Operational support such as computer hardware/software;
- Maintenance and/or service vehicles;
- Preventive Maintenance;
- Vehicle rehabilitation where candidate vehicles meet the extended useful life and rehabilitation cost limits established by the KYTC/OTD;

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- Construction or rehabilitation of transit facilities including design, engineering and land acquisition;
- Construction of or improvements to park-and-ride lots where such facilities are served by public transportation or ridesharing modes that are a form of public transportation;
- ~~Other durable goods such as spare components or parts (engines, transmissions, etc.)~~
Equipment: defined as an article of nonexpendable, tangible personal property with a unit cost of \$300 and a useful life of more than one year and an acquisition cost that equals or exceeds the lesser of the capitalization level established by the governmental unit for financial statements purposes or \$5,000;⁷
- Purchase of used equipment with the prior approval of the KYTC/OTD. The project must substantiate that the proposed purchase price represents fair market value and that the equipment is in sound working condition so the project can anticipate a reasonable period of remaining useful life and meet the requirements of the Americans with Disabilities Act;
- Facilities to provide access for bicycles to public transit facilities or equipment for transporting bicycles on public transit vehicles;
- Lease of equipment or facilities when leasing is more cost effective than purchase (when lease of equipment or facilities is treated as a capital expense the state will establish criteria for determining cost effectiveness, including non-economic factors such as management efficiency, availability of equipment, and staffing capabilities borrowing on guidelines stipulated in 49 CFR Part 639.
- The capital cost of contracting.⁸

Operating Expenses

Operating expenses are costs directly related to system operation. Eligible operating expenses include, but are not limited to:

- Fuel and oil;
- Salaries of drivers, mechanics, schedulers, dispatchers, security, and other personnel performing job duties supporting the system's overall operation.
- Operating Supplies and Materials which is an article of nonexpendable, tangible personal property with a useful life of less than one year and an acquisition cost that is less than the lesser of the capitalization level established by the governmental unit for financial statements purposes or \$5,000;

⁷ https://www.transit.dot.gov/sites/fta.dot.gov/files/docs/FINAL_FTA_circular9030.1E.pdf

⁸ https://www.transit.dot.gov/sites/fta.dot.gov/files/docs/FTA_Circular_9040_1Gwith_index_-_Final_Revised_-_vm_10-15-14%281%29.pdf

http://www.fta.dot.gov/legislation_law/12349_15693.html

- Replacement tires;
- Replacement parts that do not meet the criteria for capital items;
- Maintenance and repairs;
- Administrative expenses such as Executive Director, Personnel Director/Manager, Secretary, Book-keepers, Accounting, can be listed ~~on~~ in a separate Administrative budget ~~from the line item operating budget with an Administrative budget with federal 80% federal share and 20% local match.~~ Administrative expenses can also be included ~~on~~ in the Operating line item budget with a 50% federal share and 50% local match
- Vehicle licenses and fees;
- Vehicle Insurance (either operating or administration); and
- The cost associated with the use of passenger escorts or driver's aides. However, these costs arise most frequently as a result of a mandate in the provision of a contracted service and should therefore be distributed to the contracting agency whenever feasible.

Net Operating Expenses

Net operating expenses are those expenses remaining after operating-Farebox revenues are subtracted from eligible operating expenses. ~~At a minimum, operating revenues include farebox revenues.~~ Farebox revenues include fares paid by riders who are later reimbursed by a human service agency. The federal share of net operating expenses is up to 50 percent (50%) and the remaining percentage is the local share.

Operations Deficits

Federal funds may be applied to system operations deficits subject to the availability of funds. Federal participation allows up to 50% of the eligible net operating deficit (gross eligible operating expenses less revenue).

Income from Contracts with Human Service Agencies

Income from transportation service contracts with human service agencies utilizing FTA funds may be used ~~(per Senator Leahy Federal Amendment-1986) to reduce the net project cost or~~ to provide local match under Section 5311 operating assistance. Kentucky Medicaid non-emergency contract revenues may be used for local match.

Local Share and Local Funding Requirements

The Commonwealth of Kentucky has not matched any operating expenses, incurred by §5310, §5311 agencies. Each agency must match 20% of all capital and 50% of all operating and administrative expenditures. KYTC/OTD can approve an administrative expense line item as 80% federal and 20% local. KYTC/OTD can match up to 10% of all capital expenditures under these programs. A sub-recipient may request toll credit match for capital. It is imperative that each agency discuss in detail in its application how it will provide a local match. All in-kind must be detailed, ~~and~~ supported with documentation, ~~and approved by KYTC/OTD~~. Contract revenue or revenues received from human service delivery (per Senator Leahy Federal Amendment-1986) may be used to match Program funding.

Administrative Expenses

Under the Section 5311 program, the State may treat project administrative expenses incurred by a local provider as a separate cost category from either capital or operating expenses. This allows States to consider administrative expenses as “non-operating” expenses.

- Salaries and fringe benefits of the project director, secretary and bookkeeper, or other personnel performing job duties of an administrative nature;
- Administrative Office supplies and materials;
- Facilities and equipment rental (not lease-purchase);
- Vehicle insurance;
- Marketing;
- Professional services such as legal and accounting assistance;
- Interest on short-term loans to finance project administration or operating costs, with the prior approval of KYTC/OTD, due to a delay in the Federal apportionment of

Section 5311 funds or where there are delays in KYTC/OTD's execution of the respective subrecipient's project agreements; and

- Indirect cost expenses may be eligible for reimbursement if a cost allocation methodology has been established and approved by the appropriate authority and KYTC/OTD.
- Administrative costs for promoting and coordinating ridesharing may be eligible if the activity is part of a coordinated public transportation program. The KYTC/OTD will limit the amount of Section 5311 funds an applicant applies toward administrative costs if the KYTC/OTD determines those costs to be excessive in relation to the service being proposed.

Ineligible Unallowable Costs

~~2 CFR Part 200~~OMB Circular A-87 defines items that are unallowable and ineligible for reimbursement under all federal grant programs. Some of the items deemed ineligible are:

- Entertainment expenses;
- Fines and penalties;
- Interest expenses on loans (not previously approved by KYTC/OTD);
- Bad debts (debts which have been determined to be uncollectable), including losses (whether actual or estimated) arising from uncollectable accounts and other claims;
- Personal use of an automobile as a fringe benefit;
- Contributions and donations to other entities;
- Costs of goods or services for personal use of a non-Federal entity's employees.

Additionally, the following transit-related expenses are ineligible for Section 5311 assistance:

- Depreciation accrued by public agencies on facilities or equipment purchased with federal funds (federal share only);
- Indirect transit-related functions or activities of local public governing bodies performed as a normal or direct aspect of public administration (e.g. expenses of a city council in considering transit matters);
- Contributions to a capital reserve account; and/or
- Expenses associated with the provision of charter services, thus warranting the maintenance of a separate account for charter expenses and income. (Profit derived from charter services may be used as part of the local matching share as long as the proper procedures have been followed).